



U.S. Department of Justice
United States Attorney
Western District of New York

Further inquiries: (716)843-5814

138 Delaware Avenue
Buffalo, New York 14202

PRESS RELEASE

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MORTGAGE BROKER PLEADS GUILTY IN CONNECTION WITH A WIDESPREAD MORTGAGE FRAUD SCHEME

RE: UNITED STATES v. DENISE STROLLO

Kathleen M. Mehlretter, Acting United States Attorney for the Western District of New York, announced that Denise Strollo, age 47, of Rochester, New York, pled guilty before United States District Court Judge David G. Larimer to mail fraud in connection with a mortgage fraud scheme, in violation of Title 18, United States Code, Section 1341, which charges a maximum term of imprisonment of 5 years, a \$250,000 fine, or both.

Assistant U.S. Attorney Richard A. Resnick, who is handling the case, stated that Strollo was a mortgage broker operating a branch office for Professional Mortgage Group located at 1800 English Road, Suites 2 & 4, in Rochester, New York. Janet Faticone was the owner of Pogal Title Agency, Inc. ("Pogal Title") located at 16 East

Main Street, Suite 260, Reynolds Arcade Building, Rochester, New York 14614. Ronald DiPonzio was an employee at Professional Mortgage Group. It should be noted that the fact that a defendant has been charged with a crime . . . is merely an accusation and the defendant is presumed innocent until and unless proven guilty. **(Disciplinary Rule 7-107(B)(6))**. Strollo, Faticone and DiPonzio orchestrated a scheme to defraud various individuals seeking to obtain mortgage loans from Strollo. This scheme also defrauded the various lenders who were providing the mortgage loans. The scheme involved charging Strollo's customers with false and inflated expenses. Strollo and Faticone did this by falsifying the HUD1 settlement statements, which statements are required to list and identify the actual costs and expenses associated with a mortgage loan, as discussed below.

For example, on or about October 29, 2004, James Washington of 65-67 Barlett Street, Rochester, New York obtained a refinance mortgage loan in the amount of \$67,500.00 from Argent Mortgage Company located in White Plains, New York. Strollo was the mortgage broker who assisted Washington in obtaining the loan. DiPonzio, on behalf of Pogal Title, represented Washington at the closing of the mortgage loan on October 29, 2004. At the closing, DiPonzio had Washington sign a HUD1 settlement statement which grossly inflated the actual costs and expenses associated with the loan. Faticone prepared this false HUD1 settlement statement. Washington was then charged these false and grossly inflated costs and expenses. Washington was unaware of what the actual costs and expenses should have been. After the closing, a different HUD1 settlement statement listing what should have been the actual costs and

expenses associated with the loan was sent to Argent Mortgage Company to trick Argent Mortgage Company into believing that Strollo and the others only charged Washington the proper costs and expenses. Washington's name was forged on this document. Faticone also prepared this HUD1 settlement statement. The HUD1 mailed to the bank listed only \$2,645.00 in fees Washington was paying for the loan, while the HUD1 given to Washington showed that he was charged \$8,570.00 in fees for the loan. As a result of the fraud, Washington was charged excess costs and expenses in the amount of \$5,925.00 (\$8,570.00 - \$2,645.00). However, by sending or causing to be sent to Argent Mortgage Company the HUD1 listing which should have been the actual expenses charged to Washington, this concealed from Argent Mortgage Company the amount of costs and expenses the defendant and the others were charging Washington.

In addition to charging customers with inflated and fictitious expenses, Strollo and DiPonzio also executed a scheme to defraud the customers of Strollo by selling the customers a program entitled GEMCAP by DiPonzio which permitted the customers to pay off their mortgage loans quicker by paying twice monthly mortgage payments, rather than once monthly mortgage payments. The customers were charged 1 to 2 percent of the loan amounts, and in many cases, were charged more than this amount. Some customers were not told that they would be charged for this program. The lending companies, however, were not advised by Strollo and DiPonzio that this service was sold to the customers either because Strollo and DiPonzio knew that the lending companies would have provided this service free to the customers if the customers

desired a program to pay off their mortgage loan sooner, or that the fees charged for this program by Strollo and DiPonzio were excessive. Strollo and DiPonzio misled the lending companies by not listing or by misrepresenting this program's expense on the HUD1 settlement statements which were sent to the lending companies. This scheme resulted in Strollo and DiPonzio receiving much more profit from the mortgage transactions than they should have.

In addition to Washington, the defendants defrauded approximately 100 other individuals using the same scheme.

The conviction was the culmination of an investigation by Robin Dalglish, Postal Inspector in Charge of the New York Division of the United States Postal Inspection Service.

Strollo is scheduled to be sentenced on September 30, 2005, 2005 at 11:00 a.m.

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